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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

BOB STUMP - Chairman

GARY PIERCE

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY - TOWN
DIVISION FOR THE ESTABLISHMENT OF JUST
AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA.

DOCKET NO. W-01212A-12-0309

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER - PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF JUST
AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA.

DOCKET NO. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF NORTHERN SCOTTSDALE,
INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-03720A-12-0311

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH, INC.
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA.

DOCKET NO. W-02450A-12-0312

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY - GREATER
BUCKEYE DIVISION FOR THE
ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE
OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF
ARIZONA.

DOCKET NC. W-02451A-12-0313

Arizona Corporation Commission

DOCKETED

SEP - 6 2013

DOCKETED BY

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1 IN THE MATTER OF THE APPLICATION OF
2 GLOBAL WATER – SANTA CRUZ WATER
3 COMPANY FOR THE ESTABLISHMENT OF JUST
4 AND REASONABLE RATES AND CHARGES FOR
5 UTILITY SERVICE DESIGNED TO REALIZE A
6 REASONABLE RATE OF RETURN ON THE FAIR
7 VALUE OF ITS PROPERTY THROUGHOUT THE
8 STATE OF ARIZONA.

DOCKET NO. W-20446A-12-0314

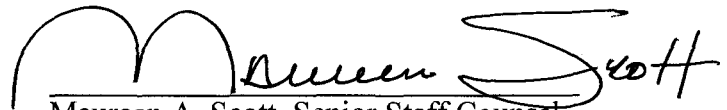
6 IN THE MATTER OF THE APPLICATION OF
7 WILLOW VALLEY WATER COMPANY FOR THE
8 ESTABLISHMENT OF JUST AND REASONABLE
9 RATES AND CHARGES FOR UTILITY SERVICE
10 DESIGNED TO REALIZE A REASONABLE RATE
11 OF RETURN ON THE FAIR VALUE OF ITS
12 PROPERTY THROUGHOUT THE STATE OF
13 ARIZONA.

DOCKET NO. W-01732A-12-0315

**STAFF'S NOTICE OF FILING
SUPPLEMENTAL TESTIMONY OF
JIAN W. LIU**

11
12 Staff of the Arizona Corporation Commission ("Staff") hereby files the Supplemental
13 Testimony of Jian W. Liu in the above docket.

14 RESPECTFULLY SUBMITTED this 6th day of September, 2013.

15
16 

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21 Original and thirteen (13) copies
22 of the foregoing filed this 6th day
23 of September, 2013, with:

24 Docket Control
25 Arizona Corporation Commission
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27 Phoenix, Arizona 85007
28

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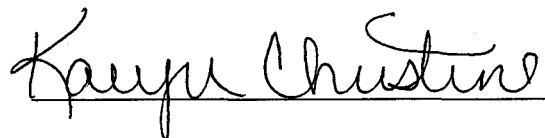
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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – TOWN
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DOCKET NO. W-20446A-12-0314

IN THE MATTER OF THE APPLICATION OF
WILLOW VALLEY WATER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR
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THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-01732A-12-0315

SUPPLEMENTAL

TESTIMONY

OF

JIAN W. LIU

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

SEPTEMBER 6, 2013

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INTRODUCTION

Q. Please state your name and business address.

A. My name is Jian W. Liu. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Jian W. Liu who filed Direct Testimony in this case?

A. Yes, I am.

PURPOSE OF TESTIMONY

Q. What is the purpose of your Supplemental Testimony in this proceeding?

A. In my Direct Testimony filed on July 8, 2013, Staff recommended that a System Improvement Benefit ("SIB") mechanism not be approved since Global Water and Wastewater Utilities ("Global Utilities") had not provided the associated supporting documentation for Staff's review and determination if approval of a SIB mechanism would be appropriate. As part of the Settlement Agreement, Staff and Global Utilities agreed that Willow Valley Water Co., Inc. ("Willow Valley") would try to timely submit all the information required to have a SIB mechanism approved for Willow Valley. The purpose of this testimony is to update the record in this proceeding on the status of Staff's review of the proposed Willow Valley SIB mechanism.

Q. Has Willow Valley filed documentation regarding the Willow Valley SIB mechanism?

A. Yes. On August 21, 2013, Mr. Ron Fleming filed testimony including information regarding the Willow Valley SIB. On September 3, 2013, Willow Valley filed the Revised SIB Engineering Report and SIB Tables ("Report") that incorporated Staff's comments.

Q. Please describe the information contained in Willow Valley's Report.

A. Willow Valley is seeking a SIB to address necessary distribution system infrastructure replacements and improvements to service existing customers. The Report identifies the most critical areas, estimates the quantity of service lines, hydrants and valves that need to be replaced, and estimates the associated replacement costs. In addition, the Report included a revised Table I of SIB-eligible projects and related costs. A summary of the Company's proposed 5-year infrastructure replacement plan is tabulated below.

TABLE I SIB ELIGIBLE PROJECTS COST SUMMARY

Year	2014		2015		2016		2017		2018		5-Year Total	
Plant	units	cost	units	cost	units	cost	units	cost	units	cost	units	cost
Pipelines	1,626	\$93,630	1,805	\$98,669	1,447	\$79,124	1,328	\$72,668	2,478	\$135,711		\$479,802
Services	47	\$98,674	48	\$60,919	39	\$50,670	35	\$49,598	61	\$60,210		\$320,070
Hydrants	2	\$3,941	-	\$-	-	\$-	-	\$-	-	\$-	-	\$3,941
Valves	4	\$15,246	3	\$11,435	4	\$15,246	3	\$11,435	5	\$19,058		\$72,420
Total		\$211,491		\$171,022		\$145,040		\$133,701		\$214,979		\$876,233

Staff has reviewed Willow Valley's Report and the proposed 5-year infrastructure replacement plan at a cost of \$876,233 and found the proposal reasonable and appropriate. However, no "used and useful" determination of the proposed plant items was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

Q. What is Staff's recommendation regarding Willow Valley's SIB proposal?

A. Staff recommends approval of Willow Valley's Table I of SIB eligible projects for purposes of SIB approval.

1 **Q. Do you have any additional recommendations to make?**

2 A. Yes. Staff recommends that Willow Valley file its SIB PLANT TABLE II using the form
3 labeled Attachment A to this testimony.

4

5 **Q. Does this conclude your Supplemental Direct Testimony?**

6 A. Yes, it does.

[illegible]

Information to be included with SIB-Eligible Completed Project Filings

Project No.	PWS ID No.	Project Description	Estimated Cost (from TABLE I)	Actual Cost	Detailed explanation of why actual costs have exceeded estimated costs by more than 10% for the project.
Total Cost					